Border Protection of Agriculture: The Unfinished Agenda

*from* Global Economic Prospects 2004: Realizing the Development Promise of the Doha Agenda

Jeffrey D. Lewis
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Developing countries have failed to penetrate agricultural markets of rich countries

Developing countries’ share of total world exports

**Manufacturing**

- Exports to rich countries
- Exports to poor countries

**Agriculture**

- Exports to rich countries
- Exports to poor countries
Protection of sugar and wheat in rich countries has increased domestic production and driven net imports to zero.

Source: FAO
Rich country protection is high and unchanged since the Uruguay round...

Industrial countries: Producer Support

* As a percent of output at world prices
Source: OECD
Rich country protection is high and unchanged since the Uruguay round...though developing countries have reduced barriers

Industrial countries: Producer Support Estimate

Developing countries: average tariffs for agriculture

* As a percent of output at world prices
Source: OECD

Source: TRAINS
Agricultural protection is still high and concentrated at the border

Source: OECD
Tariff peaks in agriculture are pronounced...

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Tariff</th>
<th>Maximum Tariff</th>
<th>St. Deviation</th>
<th>Percentage of lines covered</th>
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<tbody>
<tr>
<td>Canada</td>
<td>3.8</td>
<td>238.0</td>
<td>12.9</td>
<td>76.0</td>
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<tr>
<td>Japan</td>
<td>10.3</td>
<td>50.0</td>
<td>10.0</td>
<td>85.5</td>
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<td>US</td>
<td>9.5</td>
<td>350.0</td>
<td>26.2</td>
<td>99.3</td>
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<tr>
<td>EU</td>
<td>19.0</td>
<td>506.3</td>
<td>27.3</td>
<td>85.9</td>
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<tr>
<td>Korea</td>
<td>42.2</td>
<td>917.0</td>
<td>119.2</td>
<td>98.0</td>
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<tr>
<td>Brazil</td>
<td>12.4</td>
<td>55.0</td>
<td>5.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>13.2</td>
<td>154.0</td>
<td>17.4</td>
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<tr>
<td>Morocco</td>
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<td>376.5</td>
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<td>Togo</td>
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<tr>
<td>Uganda</td>
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<td>15.0</td>
<td>3.7</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: WTO IDB (MFN Applied Duties)
...while specific duties are especially common in the Quad...

Source: WTO IDB (MFN Applied Duties)
...and mask high protection

Average Ad Valorem Duties vs. Ad Valorem Equivalents in Agriculture

Source: WTO IDB (MFN Applied Duties)
Quotas continue to cover many products

Share Of Agricultural Output Under Tariff Rate Quotas (percent)

“Eastern Europe” = Czech, Hungary, Poland and Slovakia;
“Other Industrial” = Norway, Switzerland and Iceland; “Other developing” = Korea, Turkey and Mexico
Source: OECD, Agriculture Market Access Database (AMAD)
Putting it together, development impediments take various forms: specific duties, mixed duties, and escalation.

Tariff lines containing specific, compound or mixed duties, by stage of processing (percentage of all lines)

Source: WTO IDB (MFN Applied Duties)
Pro-poor policies: The way forward

- Increase transparency by phasing out specific & mixed duties, and seasonal tariffs
- More drastic cuts of tariffs, tariff peaks and border protection
- Reduce and decouple subsidies, and end export subsidies in agriculture.
- Stakes are enormous – 2/3 of $350 billion gains to developing countries occur from agriculture
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